

**IOWA FINANCE AUTHORITY[265]**

**Adopted and Filed**

**Rule making related to the updated 2023 4% qualified allocation plan**

The Iowa Finance Authority hereby amends Chapter 12, “Low-Income Housing Tax Credits,” Iowa Administrative Code.

*Legal Authority for Rule Making*

This rule making is adopted under the authority provided in Iowa Code section 16.5.

*State or Federal Law Implemented*

This rule making implements, in whole or in part, Iowa Code section 16.35.

*Purpose and Summary*

The updated 2023 4% Qualified Allocation Plan (4% QAP) sets forth the purposes of the plan, administrative information required for participation, threshold criteria, selection criteria, post-reservation requirements, the appeal process, and compliance monitoring. The plan also establishes the fees for filing an application for low-income housing tax credits and for compliance monitoring. Copies of the 4% QAP are available upon request from the Authority and are available electronically on the Authority’s website at [www.iowafinance.com](http://www.iowafinance.com). It is the Authority’s intent to incorporate the updated 2023 4% QAP by reference consistent with Iowa Code chapter 17A and 265—subrules 17.4(2) and 17.12(2).

*Public Comment and Changes to Rule Making*

Notice of Intended Action for this rule making was published in the Iowa Administrative Bulletin on November 2, 2022, as **ARC 6618C**.

The Authority did not receive comments on the Notice but did receive comments on the draft QAP. The draft QAP was posted on the Authority’s website for public comment beginning October 10, 2022, and remained open for public comment until November 2, 2022. Pursuant to Treasury regulations, a public hearing regarding the draft QAP was held on November 2, 2022. The Authority received comments asking the Authority to increase the developer fee to a flat 18 percent, regardless of the project’s size. The developer making this request also stated that increasing the developer fee to 18 percent would allow developers to defer a greater portion of the developer fee, thus increasing the options for financing projects. The Authority agreed to increase the developer fee and allow a developer fee not to exceed 18 percent. The Authority received comments asking the Authority to change the replacement reserve requirements in the draft 4% QAP to mirror those in the 9% QAP, stating that doing so would lower costs for 4 percent tax credit projects, which are typically harder to complete than 9 percent projects. The Authority agreed to make this change. The Authority received a request to allow for a master lease to be used for projects that are financed with both the 4 percent housing tax credit and federal and state historic tax credits. The Authority agreed to make this change. Several commenters requested clarification of language in the draft. The Authority provided the clarification requested.

The dates of incorporation in this rule making have been revised to indicate the date that final changes to the 4% QAP were adopted by the Authority.

*Adoption of Rule Making*

This rule making was adopted by the Authority on December 7, 2022.

### *Fiscal Impact*

This rule making has no fiscal impact to the State of Iowa.

### *Jobs Impact*

After analysis and review of this rule making, the impact on jobs is expected to be consistent with the impact of previous years' QAPs. The Low-Income Housing Tax Credit Program has had a substantial positive impact on employment in Iowa, creating many jobs annually in the construction, finance, and property management fields, among others.

### *Waivers*

Any person who believes that the application of the discretionary provisions of this rule making would result in hardship or injustice to that person may petition the Authority for a waiver of the discretionary provisions, if any, pursuant to 265—Chapter 18.

### *Review by Administrative Rules Review Committee*

The Administrative Rules Review Committee, a bipartisan legislative committee which oversees rule making by executive branch agencies, may, on its own motion or on written request by any individual or group, review this rule making at its [regular monthly meeting](#) or at a special meeting. The Committee's meetings are open to the public, and interested persons may be heard as provided in Iowa Code section 17A.8(6).

### *Effective Date*

This rule making will become effective on March 29, 2023.

The following rule-making actions are adopted:

ITEM 1. Amend subrule 12.1(1) as follows:

**12.1(1) Four percent qualified allocation plan.** The qualified allocation plan titled Iowa Finance Authority Low-Income Housing Tax Credit Program ~~2020-21 2023~~ 4% Qualified Allocation Plan ("4% QAP") dated ~~November 6, 2019~~ December 7, 2022, shall be the qualified allocation plan for the allocation of 4 percent low-income housing tax credits consistent with IRC Section 42 and the applicable Treasury regulations and Iowa Code section 16.35. The 4% QAP is incorporated by reference pursuant to Iowa Code section 17A.6 and 265—subrules 17.4(2) and 17.12(2). The 4% QAP does not include any amendments or editions created subsequent to ~~November 6, 2019~~ December 7, 2022.

ITEM 2. Amend subrule 12.2(1) as follows:

**12.2(1) 4% QAP.** The 4% QAP can be reviewed and copied in its entirety on the authority's website at ~~www.iowafinanceauthority.gov~~ www.iowafinance.com. Copies of the 4% QAP, application, and all related attachments and exhibits shall be deposited with the administrative rules coordinator and at the state law library and shall be available on the authority's website. The 4% QAP incorporates by reference IRC Section 42 and the regulations in effect as of ~~November 6, 2019~~ December 7, 2022. Additionally, the 4% QAP incorporates by reference Iowa Code section 16.35. These documents are available from the state law library, and information about these statutes, regulations and rules is on the authority's website.

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EDITOR'S NOTE: For replacement pages for IAC, see IAC Supplement 2/22/23.